



## **Staff Report**

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### ALTERNATIVE PROPOSALS FOR FUTURE FIRE SERVICES IN THE BELMONT FIRE PROTECTION DISTRICT, PUBLIC MEETING #6, FEBRUARY 28, 2006

Honorable President and Board Members:

#### **Summary**

- Tonight is the sixth and final meeting in a series of six public meetings planned in Belmont regarding alternative proposals for providing fire service to the Belmont Fire Protection District. District staff requests the Board make its final selection of the preferred option from three remaining available choices. These remaining choices are;
  - Rescue the South County Fire Authority
  - Standalone City of Belmont Fire Department
  - Contract for Services with the City of San Mateo
- The balance of this report will be devoted to once again presenting each alternative in detail, identifying the estimated costs, advantages and disadvantages and making a recommendation for Board consideration.
- The City has 120 days to implement the selected Fire Service option

#### **Background**

Currently, Fire, Emergency Medical and Hazardous Material Response Services are provided to the City of Belmont and unincorporated areas of the Harbor Industrial Area by the South County Fire Protection Authority, a joint powers authority (JPA) with the City of San Carlos. The Belmont Fire Protection District (Board) and the San Carlos City Council have previously voted to terminate the JPA effective June 30, 2006. Absent affirmative action by a majority of both City Council's the district will expire in four months. Both Belmont and San Carlos have solicited proposals from fire services providers to replace the South County Fire Authority by July 2006. The City of Belmont received proposals from:

- The City of San Mateo
- The City of Redwood City
- The Menlo Park Fire Protection District
- The California Department of Forestry (CDF)

- Firefighters Local 2400
- The Menlo Park Fire Protection District withdrew from further consideration. The CDF option was eliminated by the District Board in a previous meeting. The Local 2400 proposal was deemed to be infeasible.
- The City staff, with consulting assistance from Citygate & Associates, has developed a conceptual budget for a standalone City of Belmont Fire Department.
- The two City Council's, Belmont & San Carlos, have commissioned a series of meetings between the cities, utilizing the South County Fire Authority Board as the vehicle with Chief Lowden facilitating, to explore terms and conditions of a possible rescue of the South County Fire Authority. **These meetings have resulted in a proposal** by the South County "2X2" which will be presented to the San Carlos City Council on Monday February 27 and tonight to your Board. The minutes of the last two such meetings of the South County Fire Authority "2X2" are attached as Attachments I & II. Included in the proposal is a provision to put forth to the voters an all mail assessment revenue measure. Attachment VI is the generic timeline to actually implement an assessment district

Comprehensive staff reports and associated consultant reports were presented to the Board at meetings on October 11, October 25, January 10 and February 14.

- Consultants have been retained to assist the City in formulating the policy reports to the Board. Maze & Associates developed the initial comparison analysis of the alternative proposals. The final version of the Maze report was dated January 4, 2006. This report is included herein as Attachment III.
- Citygate & Associates advised the City Fire subcommittee, District staff and the Board on the development of the Standalone City of Belmont Fire department option. Citygate's consultant report titled "Individual Belmont Fire Department Design Issues" is included herein as Attachment IV.
- The proposal received from the City of San Mateo has been attached in its entirety as Attachment V, including recent correspondence which updates the cost aspects of the proposal.

### **Discussion**

In this section, staff once again articulates each of the three remaining options, a Rescue of the South County Fire Authority, a Standalone City of Belmont Fire Department and a contract with the City of San Mateo .

**Rescue South County Fire Authority**

The South County Fire Authority held four meetings in the last three weeks. The Authority met on Thursday February 16 and Friday February 17 for their final two meetings. The two Belmont Board members (Warden & Feierbach) and the two San Carlos Council members (Grocott & Grasilli) developed a proposal that addressed many of the identified issues, including the funding formula. The two delegations then agreed to have the two Agency staffs refine and verify the numbers used in the discussion and present it to their respective Boards on Monday February 27 in San Carlos and Tuesday February 28 in Belmont.

In the following pages, staff presents the highlights of this proposal which requires approval by the Belmont Fire Protection District Board and the San Carlos City Council. Highlights of the issues agreed to are:

- Total overall South County Fire Authority assumed sustainable annual budget of approximately \$ 13 mil. This is a conceptual target number that could be more or less once a new detailed sustainable budget is developed. A precise entity sustainable budget would be developed if the two Boards agree with the concepts contained herein. The reason the target budget was increased by \$ 3 mil was so that issues such as increasing pension costs, unfunded pension and retiree health liabilities, reserves, equipment replacement, etc., can be adequately addressed, something that is simply not possible with the current \$ 10.2 mil budget.
- This budget would not be sufficient to add back the fifth company.
- The staff developed alternative scenarios utilizing \$ 12.5 mil, \$ 13 mil and \$ 13.5 mil so the Board can see how the revenue and cost changes as the actual target budget are refined. The source of funds for this new \$ 13 mil budget would be approximately is \$ 9.8 mil from the two jurisdictions and \$ 3.2 mil from a new assessment on property, both residential and commercial/industrial. This proposed assessment would sunset in 10 years. The base \$ 9.8 mil contribution from the two Agencies closely approximates what they are currently paying (\$ 9.66 mil) and is derived from a new funding formula explained below:
  - a) Belmont Fire Protection District- \$ 4.840 mil
  - b) City of San Carlos General Fund- \$ 4.951 mil

The annual assessment would yield revenue from each Agency as follows:

- a) Belmont Fire Protection District- \$ 1.291 mil
- b) City of San Carlos- \$ 1.917 mil

Based on a combination of the funding formula for the \$ 9.8 mil dollar base and an \$ 84 per household annual assessment for the \$ 3.2 mil property assessment, the total annual revenue to the Fire District (Financial contributions from BFPD and the City of San Carlos plus the new revenue yielded by the assessment) would be approximately \$ 13 mil and would be split between the two cities as follows:

- a) City of Belmont residents- \$ 6.131 mil
- b) City of San Carlos residents- \$ 6.869 mil

- **The data used in these spreadsheet calculations is subject to change as the assessment engineer develops more precise values**
- The funding formula, the most difficult issue to deal with, involves three general computation factors:
  - a) Population (25%)- Belmont 25,123; San Carlos 27,718. This metric would result in an allocation percent for 25% of the total budget being shared 47% by Belmont and 53% by San Carlos. Population data is derived from the State Department of Finance.
  - b) Real property assessed valuation (25%)-Belmont \$ 3.762 bil AV; San Carlos \$ 5.374 bil. AV. This metric would result in an allocation percent for 25% of the total budget being shared 41% by Belmont and 59% by San Carlos. Assessed Value data is obtained from San Mateo County. Redevelopment agency valuations in both cities have been excluded because it is duplicative.
  - c) A third factor would be a composite of several variables such as number of budgeted fire suppression employees in each jurisdiction (12.5%), number of stations (12.5%), number of fire engine companies in each jurisdiction (6.3%), Number of fire truck companies (6.3%) and calls for service in each jurisdiction (12.5%). Under the current service delivery model, this third formula factor, weighted 50%, would result in half the overall funding formula being shared equally as is the current practice. Call volume data is under development and may change from what is depicted in this report.

The funding plan would also include a new special assessment in the vicinity of \$ 84 per household and 12 cents per commercial square foot to yield approximately \$ 3.2 mil annually in new revenue to the district. This all mail ballot assessment would require a majority protest to prevent implementation, would include a ten-year sunset provision and would be mailed sometime in the summer of 2006.

- Continued annual financial contributions to the Fire Authority from the partner Agencies based on the above funding formula would approximate:

- a) Belmont- \$ 4,873,006
- b) San Carlos- \$ 4,948,482

➤ The Joint Powers Agreement would be modified to require that:

- a) The funding formula described herein would be in the JPA agreement
- b) Certain significant policy decisions such as labor negotiation and budget adoption would require approval from the two jurisdictions' boards.
- c) The Fire Chief would report directly to the Fire Authority Board rather than through the two City Managers
- d) The JPA would be reviewed at periodic intervals (4-5 years) as a check to see if adjustments should be made

### Fiscal Impact of Rescuing the South County Fire Authority

The following tables were developed by the South County Finance Director with input from Chief Lowden and the two City Managers based on the model developed by the South County Fire Authority Board. These tables demonstrate that this combination of factors changes the funding formula overall from a 50/50 formula to one that is allocated 47% to Belmont and 53% to San Carlos.

**Table I**

#### **South County "Service Charges by JPA Partner" (Alternative Annual Authority Revenue and Contribution Requirements)**

South County Fire Protection Authority											
Service Charges by JPA Partner Model											
Annual Authority Revenue Requirement		\$12,500,000		\$13,000,000		\$13,500,000		Fill in value			
Jurisdiction		%		Amount to be Provided				Source			
Belmont Fire Protection District		47%		\$	5,895,109	\$	6,130,913	\$	6,366,718	From Allocation Worksheet	
City of San Carlos		53%		\$	6,604,891	\$	6,869,087	\$	7,133,282	From Allocation Worksheet	
Total		100%		\$	12,500,000	\$	13,000,000	\$	13,500,000		
Annual Assessment Results											
Belmont Fire Protection District		40%		\$	1,290,735	\$	1,290,735	\$	1,290,735	From Assessment Worksheet	
City of San Carlos		60%		\$	1,917,636	\$	1,917,636	\$	1,917,636	From Assessment Worksheet	
Total		100%		\$	3,208,371	\$	3,208,371	\$	3,208,371	The values shown herein are based on a range of inputs discussed by the Commission. The allocation and assessment data is derived from other worksheets linked to the summary. Final amounts are subject to change.	
Annual Contribution Requirement											
Belmont Fire Protection District				\$	4,604,374	\$	4,840,178	\$	5,075,983		
					50%		49%		49%		
City of San Carlos				\$	4,687,255	\$	4,951,450	\$	5,215,646		
					50%		51%		51%		
Total				\$	9,291,629	\$	9,791,629	\$	10,291,629		
					100%		100%		100%		

**Table II**

**South County “Assessment Matrix”  
(Hypothetical Fire Services Assessment of \$ 84 per dwelling unit and 12 cents per square  
foot of commercial property)**

South County Fire Protection Authority Service Charges by JPA Partner Model				
Assessment Matrix				
Item	Belmont Fire Protection District	City of San Carlos	Total	Source
Annual Assessment Inputs				
Special Tax per DU	\$84.00	\$84.00		Fill in inputs
Special Tax per Square Foot	\$0.12	\$0.12		Fill in inputs
Assessment Component				
Total Residential Dwelling Units	11,034	11,598	22,632	Belmont - Library CFD; San Carlos - 2000
Total Commercial Sq Footage	3,032,325	7,861,704	10,894,029	Belmont - GIS System; San Carlos IS Staf
Annual Assessment Results				
Total Special Assessment - Residential	\$ 926,856	\$ 974,232	\$ 1,901,088	
Total Special Assessment - Commercial	\$ 363,879	\$ 943,404	\$ 1,307,283	
\$	\$ 1,290,735	\$ 1,917,636	\$3,208,371	
%	40%	60%	100%	

**Table III**

**South County “Allocation Formula Matrix”**

South County Fire Protection Authority Service Charges by JPA Partner Model						
Allocation Matrix						
Factor	Fill in %	Belmont Fire Protection District	%	City of San Carlos	%	Source
Population	25.0%	25,470	47%	28,190	53%	<a href="http://www.dof.ca.gov/HTML/DEMOGRAP/E-1table.xls">http://www.dof.ca.gov/HTML/DEMOGRAP/E-1table.xls</a>
Assessed Valuation	25.0%	\$ 3,761,924,464	41%	\$ 5,373,846,420	59%	<a href="/portal/cit_609/44/63/5038291622006_TaxRateBook.pdf">/portal/cit_609/44/63/5038291622006_TaxRateBook.pdf</a>
Call Volume	25.0%	8,885	49%	9,355	51%	=Call Volume!
Fire Companies - Engines	12.5%	2	67%	1	33%	
Fire Companies - Trucks	12.5%	0	0%	1	100%	
Fire Stations	0.0%	2	0%	2	0%	
Budgeted Fire Suppression Employees	0.0%	18	0%	21	0%	
<b>Total Weighted Allocation as a %</b>	<b>100.0%</b>		<b>43%</b>		<b>57%</b>	

**Standalone City of Belmont Fire Department (Presented in the February 14, 2006 Staff Report #5)**

This concept was developed after significant input from Citygate & Associates, a consulting firm with expertise in the area of fire services design, deployment and consolidations. Highlights include:

- A full-career two-station 21 Firefighter Belmont Fire Department (18 minimum staffing plus 3 additional Firefighters to backfill for training, vacation, sick leave, etc). The Fire Department would be a City department with the Fire Chief reporting directly to the City Manager.
- Advanced Life Support medical capability on each engine during every shift.
- Minimum command structure of 1- Fire Chief, 1- Fire Marshal, 3- Battalion Chiefs to provide 24/7/365 incident command and station supervision/training in accordance with standards established by the Commission on Fire Accreditation and the National Fire Protection Association (NFPA deployment guideline #1710)
- Fire Marshal could also serve as a Battalion Chief
- One office support position

- Personnel and Finance provided by the City of Belmont using standard support charges
- One Fire prevention inspector
- Total staffing of 27 positions
- Truck service contractually purchased from a neighboring agency (use the 25% San Mateo cost figure)
- Employment model subject to negotiations, but similar in scope to existing South County Fire Authority
- According to Citygate & Associates, “given the fire and emergency medical risks in Belmont, at a minimum, the City needs the two existing fire stations each staffed per day with a crew of 3-career firefighters. This will only provide an initial attack force for small fires and medical emergencies. The balance of an effective response force will have to come from the surrounding agencies. A building fire at a minimum will require 3-engine companies, 1-truck company and a Battalion Chief.” “National norms are that 14-15 or so firefighters including an incident commander are needed at serious building fires if the expected outcome is to contain the fire to the room of origin and to be able to simultaneously and safely perform critical tasks. If Belmont can only deliver two three-person engine companies to a structure fire, the additional firefighters “will have to come from the adjoining community stations under an on-going cooperative relationship.”
- Fire Dispatch contracted through Fire Net 6
- Training contracted through an adjoining community or provided by the 3 Battalion Chiefs
- Maze “standard” cost is \$ 4.95 mil, a 5% savings compared to the current South County Fire cost
- *Maze “nominal” cost is \$ 5.21 mil, essentially the same as the existing South County \$ 5.19. However, the Maze nominal cost of \$ 5.21 mil is for a higher level of service than the existing South County model (2 engines vs. 1 ½ engines in the Maze “standard” cost) (2-7-06 addition)*
- **Most recent cost estimates developed by staff have the range of cost for this option between \$ 5.0 and \$ 5.8 mil depending on how the department is constructed.** See the discussion below for further details.

Advantages of a City of Belmont Fire Department:

- 100% Fire District local control of public safety policy and cost issues
- A Belmont Fire Department would likely receive significant support from the community, which may result in long term funding stability for safety services.
- Many existing South County Firefighters could elect to come to work for the new Belmont Fire Department.
- Firefighter first responders would become more knowledgeable regarding the community and thus more operationally effective.
- Vacancies will be filled by new hires at lower cost.

- *Employer PERS pension contribution rates could be lower than what is currently being paid by South County, although this is not certain at this time. The final determination is a function of what pension plan is chosen by the City of Belmont and what implementation options are selected. This report deals with this uncertainty by presenting a range of possible costs. Staff strongly recommends a consulting actuary be retained by the City to advise the District as important pension decision are considered.*
- *It is possible that the standalone Fire Department could potentially lower the cost of providing Truck service by a material amount depending on what service delivery option is chosen by the City.*

#### Disadvantages of a City of Belmont Fire Department:

- A two-station Belmont Fire Department would be co-dependent on neighboring agencies. As stated above, a two-station department is “short” an engine and a truck for structure fire response. However, *a Belmont Fire department would be able to reciprocate in the regional boundary drop system with its engine companies as is currently done by the JPA from stations 13 and 14 and would be willing to consider paying for a pro rata share of truck service from San Mateo.(2-7-06 addition)*
- A two-station Fire department would not be cost effective *compared to a larger Fire department* because significant and costly overhead for a minimum of five command staff plus support personnel could only be allocated to two companies when they normally would be allocated to many more stations
- Institutionalizes high exposure, high frequency risk into relatively small City of Belmont organizational structure. Potential for risk to “spill over” into other cost centers, such as retirement plan, workers’ compensation program, liability coverage, etc. *Hiring employees as Belmont Fire Protection District employees rather than City of Belmont employees could mitigate this disadvantage.(2-7-06 addition)*
- Effective response to significant events requires cooperation of neighboring agencies which could evolve into additional contract for service costs.
- Recruiting timeline for Firefighter, Command staff and a Fire Chief by July 1, 2006 could be problematic and 3% at age 50 retirement formulas has thinned the ranks of experienced Fire Chiefs in California.

#### **Fiscal Impact of Standalone Belmont Fire Department**

Since the January 10 report, staff has continued to refine the cost estimate for a Belmont standalone Fire department. When Maze & Associates developed the initial nominal cost estimate of \$ 5.21 mil, they did so by tiering off the existing South County budget. This was a high level approach. Since then, staff has developed a “bottoms up” detailed line item budget for the proposed standalone fire department. Staff believes the revised estimate ranges are conservative, yet realistic given the uncertainties of starting up a

new Fire department in a relatively short period of time. We have also provided a current estimate of revenue available to the Belmont Fire Protection District.

Table IV below summarizes the assumed staffing level for the proposed Fire Department:

**Table IV**  
**Standalone City of Belmont Fire Department**

*Suggested Full Time Equivalent Positions:*

Department	Description	Standalone FY 2006	Standalone FY 2007
Management & Policy:			
	Fire Chief	0.75	0.75
	Administrative Asst.	1.00	1.00
Subtotal Management & Policy		1.75	1.75
Suppression & Rescue:			
	Fire Chief	0.25	0.25
	Battalion Chiefs	3.00	3.00
	Fire Captains	6.00	6.00
	Firefighters	12.00	12.00
	Relief Firefighters	3.00	3.00
Subtotal Suppression & Rescue:		24.25	24.25
Prevention & Education:			
	Fire Marshal/Fire Inspector	1.00	1.00
Subtotal Prevention & Rescue		1.00	1.00
<b>Grand Total Positions</b>		<b>27.00</b>	<b>27.00</b>

Table V below summarizes the range of cost estimates:

## Table V STANDALONE CITY OF BELMONT FIRE DEPARTMENT

Revenue & Expenditure Summary			
	SCFA 50% FY 2006 (per million)	Belmont Standalone FY 2006 (per million)	FY 2007
Revenue	\$5.1	\$5.4	\$5.8
Expenditures	5.5	4.9-5.6	5.0-5.8
Surplus / <Deficit>	<\$.4>	\$+.4-<.2>	\$+.7-.0
Expenditure Recap:			
▪ Management Policy	\$5.5	\$5.5	\$5.5
▪ Suppression & Rescue	4.3	4.2-4.9	4.3-5.1
▪ Paramedic Services	.1	.1	.1
▪ Hazardous Material	-0-	-0-	-0-
▪ Prevention & Education	.2	.1	.1
▪ Other SCFA Costs	.4	---	---
	<b>\$5.5</b>	<b>\$ 4.9-5.6</b>	<b>\$ 5.0-5.8</b>

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nce again, staff has presented a range of potential costs for a standalone Belmont Fire department. Where the City of Belmont would end up within this range is dependent upon:

- What arrangement is developed for delivery of Truck service
- Number and classification of employee positions finally approved by the District Board
- What CalPERS pension plan is selected and what funding decisions are made regarding employee past service costs
- What salary and benefit levels are approved by the District Board/City Council
- What reserve policy is set by the Board

Assumptions used in developing this conceptual budget were as follows:

- The service delivery model is a two engine company advanced life support qualified department as suggested by Citygate Associates with Truck service purchased on contract from the City of San Mateo or provided by the department with cross staffed personnel.
- Fire Dispatch service to be provided by Fire Net6 (\$ 48k).
- 7% growth rate for property tax for FY 2007
- 10% increase in Fire plan check fees/ 60% increase in revenue (this is possible because multifamily inspections are every other year and 2007 is the year).

## ALTERNATIVE PROPOSALS FOR FUTURE FIRE

SERVICES  
28, 2006  
13 of 19

February  
Page

- 27 total positions (1 Fire Chief, 3 Battalion Chiefs, 6 Fire Captains, and 15 firefighters, 3 of which are relief firefighters). The one position reduction from the January 10 report is the elimination of the Fire inspector and combining the duties with the Fire Marshal. The Fire inspector was considered a “nice to have,” but not essential. Certain routine inspections could be done by either the Fire Marshal or the Fire companies when not responding to calls for service.
- The combination of three relief firefighters and \$ 150k in overtime dollars is provided to cover vacation, sick leave, injury time off, training, etc.
- Salaries based on existing South County salary schedule
- PERS retirement contribution rates ranging from 19% (less than 100 employees CalPERS normal cost pool rate) to 29/30% (Current Police rate/CalPERS pool rate for normal cost plus UFL) based on conversation with a consulting actuary
- Provides \$ 10k per Fire Engine per year for vehicle maintenance which is similar to the San Mateo proposal
- Upper range of cost provides for replacement to two fire engines based on a 15 year replacement cycle
- Upper range provides \$523k for annual purchase of Truck Service from San Mateo
- Administrative overhead charges assume ½ of the existing South County (\$118,772) admin charges. This will require further refinement to include vehicle, building and computer usage charges.
- Assumes a combination of in house training and purchasing training from a neighboring agency
- Excludes rental payments for office space
- Hazardous Material payments to the County are currently budgeted and paid for out of the City’s general fund, as we have in the past.
- Contains no provision for development of a fund balance reserve over time
- Contains no provision for amortization payments to retire South County Fire Authority unfunded liabilities (PERS retirement \$ 13.5 mil, post retirement health benefit costs rough estimate \$ 1 mil, Truck lease payment \$ 0.2 mil, Worker’s Compensation \$ 0.4 mil and Other District Costs \$ 1 mil). The \$13.5 mil is based on communications received from PERS. The Truck lease remaining balance is defined by the lease agreement. Other costs such as post retirement health benefit costs are crude estimates by staff and will be more precisely estimated by consulting actuaries currently being retained by the South County Fire Authority. Staff estimates these annual payments to amortize all the unfunded liabilities could range for each City from \$ 4-500k per year or more for the next 20 years. Any plan to address unfunded liabilities will need to be developed in cooperation with the City of San Carlos and CalPERS.

If the Standalone Fire department option is chosen, the City would need to retain an

Interim/Implementation Fire Chief immediately to assist in the implementation of the new department. Staff assumes essentially a “fresh start” approach. Numerous implementation steps would be required, including but not limited to:

- Re-establishing in the Municipal Code a City Fire Department
- Hiring an Interim/Implementation Fire Chief
- Creating a transition plan, including establishing job descriptions, adopting salary schedules and benefit plans
- Working with PERS to create the new retirement plan
- Negotiating Truck Service with San Mateo or developing a cross staff model and acquisition of a truck as has been proposed by South County Chief Lowden
- Establishing an interim Employer-Employee Relations Resolution, Fire Memorandum of Understanding, Fire Personnel Rules, Bargaining unit recognition and meeting and conferring with the recognized bargaining units.
- Interviewing and hiring employees
- Employee orientation and training
- Establish a quality assurance program for paramedic services
- Create standard operating procedures, training manuals, safety plans/procedures
- Establishing a worker’s compensation program
- Establishing an administrative function for the department

Staff would also advise that other consultants would be required to quickly implement a new Fire Department. A Consulting Actuary would be important in establishing the new retirement plan agreement with PERS. Citygate consulting could continue to advise the City on how to go about implementing the new Fire Department. Legal support would also likely be required. The HR function of the City would need consulting assistance to recruit the permanent Chief and to assist in the hiring process of a large number of Firefighters in a short period of time.

### **Contract with the City of San Mateo Fire Department**

#### Summary Description of Proposal:

This proposal, included in its entirety at Attachment V, indicated a preference to serve both cities, but would be willing to serve either. The City of San Carlos later issued a letter to the City of San Carlos indicating they would only serve San Carlos if they also served Belmont. This proposal provides attractive cost savings potential. The San Mateo City proposal would minimize workforce issues.

#### Highlights include:

- Indicated the proposal could be modified during contract negotiations

- Emphasized San Mateo's long history of interagency and regional cooperation agreements, as well as stable leadership.
- Emphasized a regional approach to maximize efficiency and effectiveness by eliminating duplication
- Assumes retention of some, if not all, of the existing South County employees
- Suppression staffing assumes 3 person engine companies and prorata portion of a 4 person San Mateo Truck Company
- Out year adjustments is negotiable, but would essentially require that negotiated salary and benefit changes would be passed through to the City of Belmont.
- Prefer long term contract of 10 years
- Utilizes Fire Net 6 Dispatch, but under a standalone contract with the County
- Willing to provide service to Belmont only
- 56 hour standard work week for IAFF employees
- Maze "standard" cost \$ 4.72 mil, a 9% savings compared to the current South County Fire cost
- Maze "nominal" cost of \$ 4.959 mil.
- **The Revised Cost Estimate based on correspondence received from the City of San Mateo dated February 22, 2006 (See Attachment V) indicates the number for FY 2006-07 is \$ 5.278 mil. Each year, the City of San Mateo will increase the charges to Belmont by the increases contained in their negotiated labor contracts. This number does not include provision for replacement of Fire Engines at the end of their useful life.**

Advantages:

- The City of San Mateo Fire Department is an excellent department with a solid reputation
- San Mateo borders Belmont on the City's northern border
- San Mateo's City Council and City Manager are considered professional and business like
- San Mateo's City Manager has indicated on several occasions the City of San Mateo is desirous of serving Belmont and looks forward to doing so
- The San Mateo Fire Chief Brian Kelly is experienced and well respected
- With a contract for service, there is no longer a need to be involved in personnel management and labor relations
- There will tend to be a stable cost structure with a larger City Fire Department
- Command staff has a shorter distance to travel and can arrive on scene to a major structure fire event faster than other proposers
- Fairly predictable future cost. Provides for a fixed annual charge, *but labor contract salary and benefit changes will be passed through to the City of Belmont at annual intervals. These adjustments will be based on negotiated salary and benefit changes in the City of San Mateo labor contracts.*
- Will provide truck service at less cost than the current South County model

## ALTERNATIVE PROPOSALS FOR FUTURE FIRE

SERVICES  
28, 2006  
16 of 19

February  
Page

- The primary focus of Board actions during the term of the contract will be on source.

**Disadvantages:**

- Significant loss of local control
- Out year cost adjustments will be driven by San Mateo labor settlements with local 2400. Belmont will have little or no say in these negotiations.
- Will require continuous monitoring of performance under the contract.
- San Mateo needs to remodel a fire station to relocate a truck company into southern San Mateo to serve Belmont under contract.

**Fiscal Impact of Contract with the City of San Mateo**

\$ 5.278 mil for FY 2006-07 with adjustments to this figure beginning in FY 2007-08 which track the labor contract agreement negotiated in the City of San Mateo. To this figure must be added an annual provision for future replacement of the fire engines and other rolling stock.

**Public Contact**

A copy of this report was sent to the local print media, the City of San Mateo, Firefighters Local 2400, the South County Fire Chief, the Battalion Chiefs, the Fire Marshal, and the City of San Carlos. The item was posted on the agenda as required by law. Articles have appeared in local newspapers following the South County meetings.

**General Plan/Vision**

N/A

**Recommendation**

- 1) In the January 10 report # 4, the City Manager's recommendation was to enter into a contract with the City of San Mateo for the reasons stated above. This recommendation was made before the proposal to rescue South County was developed, but continues to be the City Manager's recommendation.
- 2) Tonight, staff recommends that the Board receive and consider the proposal from the South County "2X2" Committee Representatives (Council Members Warden & Feierbach) and provide direction on the proposal to reconstitute the South County Fire Authority.
- 3) Take action tonight by selecting one of the three remaining options of either:
  - a) Rescuing the South County Fire Authority;
  - b) Selecting a Standalone City of Belmont Fire Department; or
  - c) Authorizing a contract with the City of San Mateo

**Alternatives**

1. Rescue the South County Fire Authority
2. Creation of a Standalone Belmont Fire Department
3. Implement a contract for service with the City of San Mateo

**Attachments**

- I. South County Fire Authority meeting minutes for meeting of February 16, 2006
- II. South County Fire Authority meeting minutes for meeting February 17, 2006  
(continued from February 16, 2006)
- III. Maze & Associates Report dated January 4, 2006.
- IV. Citygate & Associates Report titled "Individual Belmont Fire Department Design Issues."
- V. City of San Mateo proposal dated September 1, 2005 to provide Fire Services to the City of Belmont.
- VI. Assessment Formation Timeline

Respectfully submitted,

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Interim District Manager

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